



Wyden and Bennett: Providers Must Focus On Patient Outcomes

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For the first time in a long time, people across the country are taking a good, hard look at their budgets and finding places to cut costs. They're realizing how much money they throw away in extras they don't need or things they buy but never use. The same can be said about the nation's health care system.

National health spending is expected to be close to \$2.6 trillion this year, which is nearly \$268 billion more than was spent in 2007. What are Americans getting for the extra investment? Do more Americans have health care? No. In fact, in 2009, nearly 5 million fewer Americans will have health care coverage than they did in 2007.

Health care costs are rising at three times the rate of inflation. Office of Management and Budget Director Peter Orszag and many other experts have said that 30 percent of current health care spending is wasted on care that doesn't improve patient health.

The inefficiencies and unfettered cost growth in health care are a huge drag on the American economy. They are a drag on employers who are struggling to keep their workers covered while competing in a global economy, where many governments foot the bill for their citizens' health care. They are a drag on states that are seeing Medicaid as their largest budget item and on American workers who have seen their wages stagnate as health costs gobble up larger and larger shares of their paychecks and on taxpayers who see their hard-earned money thrown away on inefficient, low-quality medical practices they haven't chosen.

The system is fundamentally broken, and throwing billions of dollars at the system is not the solution. The only way to really make the system work will be to take a hard look at its inefficiencies.

A comprehensive approach to health care means finding savings quickly.

This means reforming the insurance market so that the millions of Americans who have lost their jobs and their employer-sponsored coverage will no longer face higher costs on their own in the individual insurance market. Right now these workers, without the bargaining power of being in a group, are discriminated against on the basis of age, gender and pre-existing conditions. Consequently, they are all too often priced out of the market

and faced with the choice between skinny coverage or relying on the emergency room for primary care.

It means taking a progressive approach to the tax code. Right now the tax code is regressive, giving disproportionately large write-offs to those who have the highest incomes while at the same time encouraging inefficiency. The tax dollars of those Americans who have no coverage at all shouldn't subsidize deluxe packages for everyone else. That same pool of tax dollars currently funding gold-plated health care packages could be used to give real relief to the self-employed person without a company plan.

It means asking Americans to take responsibility for their health care. Right now, nearly 11 million Americans with incomes above \$60,000 a year have not been willing to purchase a basic health insurance policy. Those who can afford outpatient care should not impose the costs associated with inappropriate use of the hospital emergency room for their primary care on responsible Americans who deduct the cost of their insurance from their income. No other market in our economy operates under such inefficiencies.

So we have to make Americans aware of what health care actually costs them. Today, most Americans are unaware that the raise they might have gotten this year has been redirected to cover the rising cost of their health benefits. Their compensation dollars are being spent without their input or, even worse, awareness. Creating transparency in the system will allow consumers the opportunity to make informed decisions about how they want their health care dollars spent, find a plan that fits their exact needs and reap the rewards for being healthy and making smart purchases.

It means transforming health care from rewarding poor quality and volume to incentivizing efficiency and high-quality care. This means bundling payments so that providers are forced to focus on patient outcomes versus exploiting the opportunity to charge patients for services that don't make patients healthier.

It also means focusing on prevention and healthy behaviors. Right now, doctors only get paid for treating patients when they are sick, which means there is no market incentive for doctors to keep patients healthy or for patients to initiate healthy behaviors. Currently, without incentives for preventive care and healthy behavior, the chronic disease incidences are growing at an astronomical rate. For example, 70 percent of Medicare spending goes to managing chronic disease. If chronic illness can be prevented earlier, Americans will not only be healthier, but so will the Medicare program.

The Congressional Budget Office as well as multiple independent analyses conducted by the Lewin Group have shown that such an approach would not only guarantee that every American has quality health coverage — such a system would ultimately generate savings. We are bringing these ideas to leadership on both sides of the Capitol and both sides of the aisle — including Sens. Max Baucus (D-Mont.), Chuck Grassley (R-Iowa), Edward Kennedy (D-Mass.) and Mike Enzi (R-Wyo.). If we want to enact enduring reform this year, we must start with taking a hard look at what we are spending now and how we can be more cost-efficient in the future.

Sen. Ron Wyden (D-Ore.) is a member of the Finance Committee, where the health care reform debate will originate, among other panels. Sen. Bob Bennett (R-Utah) is on the Appropriations Committee, among other panels.

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